

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(27 July 2020 – 31 July 2020)

Countries	Highlights
<p><b>US</b></p> <p><b>COVID-19 crushes US economy in second quarter; rising virus cases loom over recovery</b></p>	<p>The US economy suffered its biggest blow since the Great Depression in the second quarter as the COVID-19 pandemic shattered consumer and business spending. GDP collapsed at a 32.9% annualised rate last quarter, the deepest decline in output since the government started keeping records in 1947. The economy contracted at a 5.0% pace in the first quarter. It fell into recession in February. On a year-on-year basis GDP fell a record 9.5% last quarter. Output shrank 10.6% in the first half. Though activity picked up starting in May, momentum has slowed amid the explosion of COVID-19 infections, especially in the densely populated South and West regions where authorities in hard-hit areas are closing businesses again and pausing reopening. That has tempered hopes of a sharp rebound in growth in the third quarter.</p> <p style="text-align: right;"><i>(Source: Reuters, 30 July 2020)</i></p>
<p><b>EU</b></p> <p><b>Auto industry set to put brakes on central Europe's COVID-19 recovery</b></p>	<p>The auto industry, long a driver of economic growth in central Europe, is likely to be one of the main drags on the region's efforts this year to recover from the impact of COVID-19. That is bad news for the Czech Republic, Hungary and Slovakia, which are particularly reliant on the auto industry. Writing to other EU states and EU institutions in April, the heads of the Czech, Polish, Hungarian and Slovak auto industry associations said their four countries employed 1.3 million people directly or indirectly in the auto sector and accounted for nearly a fifth of EU vehicle production. The sector generates 4-6% of Hungary's GDP and a tenth of the Czech Republic's GDP. In Slovakia, it accounts for 13% of GDP and half of industrial production.</p> <p style="text-align: right;"><i>(Source: Reuters, 30 July 2020)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's factory output rebounds, jobless rate dips as lockdown lifts</b></p>	<p>Japan's industrial output snapped four months of decline in June, pointing to a modest recovery in broader business and consumer activity following a heavy hit to demand from the coronavirus pandemic. Separate data showed the June jobless rate edged down from a three-year high hit the previous month, although the number of available jobs per applicant fell to a more than five-year low. Official data released on July 31 showed factory output increased 2.7% in June from the previous month when it hit its lowest level since March 2009 during the financial crisis. The rise was largely thanks to a bounce in motor vehicle production. Production activity tends to move in line with corporate earnings. The stock market is quite healthy but there are doubts about whether corporate performance will be able to catch up with market expectations.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 31 July 2020)</i></p>
<p><b>CHINA</b></p> <p><b>China's industrial profit growth quickens, signals firming economic recovery</b></p>	<p>Profits at China's industrial firms rose for a second straight month and at the fastest pace in over a year, adding to signs the country's economic recovery from the coronavirus crisis is gaining momentum. The statistics bureau said that profits at China's industrial firms rose 11.5% y-o-y in June to USD95.27 billion, marking the quickest profit growth since March 2019. After a record slump early in the year, China's economy rebounded more than expected in the second quarter as virus lockdown measures ended and policymakers ramped up stimulus. But analysts warn that the rebound is heavily reliant on state-led investment, while domestic and global demand remain weak. Steel, oil and gas extraction, oil refining and non-ferrous metals saw significant improvements in profit in June with manufacturing costs easing and demand improving.</p> <p style="text-align: right;"><i>(Source: Reuters, 27 July 2020)</i></p>